

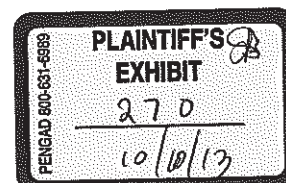
EXHIBIT 10C

To: Lindia, Stephen[Stephen.Lindia@ny.email.gs.com]
From: Marciano, Debra
Sent: Thur 9/7/2006 8:45:46 PM
Importance: Normal
Subject: Ranking Files
Guidelines for Compensation Proposals.doc
Guidelines for Manager Performance Rank.doc
One Page Summary.doc
2006 Manager Guidelines - Cover.DOC
FAQs.doc

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(2) GUIDELINES FOR COMPENSATION PROPOSALS

- The compensation proposal for each individual should reflect:
 - The performance of the firm, the division and the business unit for the fiscal year
 - The market pay level for the employee's role.
 - Manager Performance Ranking and the factors that were considered in formulating that ranking
 - Other circumstances that should bear on the individual's compensation proposal for this year, such as:
 - **P&L impact in the current year**
 - **Indispensability of/risk of losing the individual**
 - **Recent significant increase in responsibility**
 - **Specialized contribution (e.g., to diversity, training, recruiting) in current year**
- Be confident that you have accurate knowledge of measurable determiners such as projects, transactions, and revenues and sales credits. If you have documents or records that demonstrate these results (such as analyses of sales credits), please retain them in hard or soft copy.

Consider the individual's compensation history and whether the compensation is in line with peers who entered the firm at a higher or lower compensation level. (It may be appropriate to recommend higher compensation for an individual who joined the firm at a comparatively low compensation level to equalize them with comparable contributors or, conversely, recommend lower compensation for an individual who was brought into the firm at a premium market rate and whose contribution no longer supports the higher compensation.)

- For any individual who has been on maternity or disability leave during the year, confer with your Employee Relations representative.

(1) GUIDELINES FOR THE MANAGER PERFORMANCE RANK

- Your ranking should reflect the placement you think the individual should have for purposes of considering promotion, next assignments, career development, termination and other similar purposes.
- Overall, you should assess each individual based on performance, contribution and potential relative to: (1) expectations for that individual's level of experience and position; and (2) that individual's peers.
- Assess overall performance, contribution and potential by considering factors such as those below, as demonstrated by behavior displayed and results attained during the year:
 - **360-degree review data**
 - **Quality of performance**
 - **Long term commercial impact or contribution**
 - **Potential to assume increasing responsibility**
 - **Leadership/management skills**
 - **Diversity and citizenship-related activities**
- Your Division will provide guidance about the manager performance ranking categories (e.g., Rank 1 Top 25%, Rank 4 Bottom 11-25% and Rank 5 Bottom 10%) into which you should distribute your populations. Guidance will also be provided about how rankings will be rolled up division-wide.
- Rankings should approximate a forced distribution over the entire division, but need not be exact. (For example, Rank 1 may be applied somewhat loosely to cover 23-27% of the population.)
- In developing rankings, divisions are encouraged to cut their populations by business unit and level, as in the past. Divisions are additionally encouraged to cut VP/ED populations into more senior and more junior VP/EDs, so that the ranking is not excessively affected by seniority. Also consider whether employees in revenue areas performing administrative roles should be evaluated and ranked separately.
- The forced distribution should not include any individual who: (1) has been on leave for 8 weeks or more during the fiscal year; (2) will be transferring out of the division; (3) will be leaving the firm; or (4) hired in FY06. Those individuals should be ranked outside of the forced distribution.
- For any individual who has been on maternity or disability leave during the year, confer with your Employee Relations representative before assigning a manager performance rank.
- Comments and ratings from 360 reviewers and any relevant mid-year comments should be a key input for your ranking decisions. Although the manager performance rank and 360-degree ratings do not have the same basis or purpose, you should take care to validate any substantial

(1) GUIDELINES FOR THE MANAGER PERFORMANCE RANK

differences between 360-degree review scores and the rank you assign. (The 360-degree feedback does not always accurately reflect total performance, long-term commercial impact and potential and may not fully differentiate between the individual and others to whom he or she would reasonably be compared. It does not capture the manager's unique perspective.)

- Assess potential for future contribution to the firm by considering factors such as skill set, managerial capacity, and breadth of ability.
- Historical performance and work experience in the individual's current role should also inform your decision and help you to determine whether this year is part of a long-term pattern of strength or weakness.
- In assessing performance, contribution and potential for individuals who have had performance issues, consider whether the individual has received recent and specific feedback regarding those issues and has had an opportunity to improve in the deficient areas.
- Scan the placement of individuals you consider comparators to the employee to make sure your performance ranking decision sits properly in context.
- Pay close attention that the ranks are fair and factually grounded for women and historically underrepresented groups.

Performance Rank and Compensation Recommendations

Assessment	Manager Performance Rank	Compensation Recommendations
Process	Managers distribute populations into Rank 1 (top 25%), Rank 4 (bottom 11-25%) and Rank 5 (bottom 10%)	Quartiles derived from proposed compensation recommendations
Factors to be Considered	Include: <ul style="list-style-type: none"> • 360-degree review data • Quality of performance • Long-term commercial impact or contribution • Potential to assume increasing responsibility • Leadership/management skills • Diversity and citizenship-related activities 	Include: <ul style="list-style-type: none"> • Performance of the firm, the division and the business unit for the fiscal year • Market pay level for the employee's role • Performance Rank and factors considered in formulating that rank • Circumstances to be rewarded this year, such as <ul style="list-style-type: none"> ◦ P&L impact in current year ◦ Indispensability/risk of losing the individual ◦ Recent significant increase in responsibility ◦ Specialized contribution (e.g., to diversity, training, recruiting) in current year
Purposes	<ul style="list-style-type: none"> • Understanding talent at the firm • Identification of top/bottom performers • Promotions • Career Development Reviews (CDRs) • Regretted losses • Terminations/downsizings • Data point in Compensation 	<ul style="list-style-type: none"> • Annual Compensation
Process Modifications	<ul style="list-style-type: none"> • Talent management process – not run through firmwide compensation function 	<ul style="list-style-type: none"> • Performance Rank as input for compensation recommendation; not determinative • Ensure pure compensation factors are not considered in Performance Ranks

MANAGER GUIDELINES

(1) MANAGER PERFORMANCE RANK (2) COMPENSATION PROPOSALS

New Procedures for 2006

The firm's year-end procedures for performance assessment and compensation will change this year. The main changes are:

- **Manager Performance Rank.** Individuals will be ranked solely to identify stronger and weaker performers for purposes such as promotion, career development and terminations. The manager performance rank for a particular individual will not determine the compensation proposal for that individual, but will be only one data point in the determination of compensation.

*The manager performance rank will give managers and division leaders a direct measure of the quality and capability of our talent not available in the past -- **without the overlay of compensation considerations.***

- **Compensation Differentiation.** Managers and divisions will not be required to quartile for compensation purposes. Compensation proposals will be entered into the Compensation Recommendation System (CRS) without any associated quartile. For ease in checking that there is adequate differentiation in terms of compensation increases/decreases, the Firmwide Compensation group will assign "derived quartiles" for each individual by level by dividing top to bottom employee year-over-year % compensation changes at intervals of 25% (including identification of the bottom 10% of compensation changes). The average % change across these intervals for each division will be compared to ensure appropriate differentiation.

Managers will have flexibility to de-link compensation decisions from the manager performance rank where they deem it appropriate to reflect additional factors (e.g., market compensation levels) that may be unrelated to the individual's performance.

In setting manager performance ranks and compensation proposals, you should be guided by the considerations on the attached pages, whether you are making the decisions as the immediate manager or a manager up the line.

Your divisional HCM team will provide you with guidance on the process specifics (e.g., timelines, due dates, logistics) of performance ranks and compensation proposals.

2006 MONITORING PROCESS

An independent review process with special focus on women and historically underrepresented groups will continue to be applied to the manager performance rank and compensation proposals. Employee Relations, Legal and/or your divisional HCM representative may ask you for clarification on certain of your proposals.

If you have any questions regarding this process, please contact your divisional HCM representative.

MANAGER PERFORMANCE RANK FREQUENTLY ASKED QUESTIONS

Q1. How is the Manager Performance Rank any different from the Compensation Quartile used for compensation recommendations in past years?

The Manager Performance Rank assesses overall performance, contribution and potential by considering factors such as those below, as demonstrated by behavior displayed and results attained during the year:

- o 360-degree review data
- o Quality of performance
- o Long term commercial impact or contribution
- o Potential to assume increasing responsibility
- o Leadership/management skills
- o Diversity and citizenship-related activities

In the past, the primary purpose of the *Manager Quartile* was to set the employee's compensation recommendation. In contrast, the Manager Performance Rank should be used for the purposes above and also as one of several data points when setting the employee's year-end compensation. ***It is not the sole determinant of the compensation recommendation.***

The Manager Performance Rank will give managers and leaders a direct measure of the quality and capability of our talent not available in the past -- without the overlay of compensation considerations.

Q2. Why are we now changing to the Manager Performance Rank?

The Manager Performance Rank will provide managers and divisional senior leadership with an assessment of our talent not available in the past, as it does not take into consideration pure compensation factors such as market compensation levels and compensation history. This ranking, along with other inputs, will be used during professional development, training and promotion discussions to ensure each employee is progressing in his/her career and reaching his/her potential. It should be considered a broad overall assessment of performance based on current capabilities and the potential to take on increasing responsibility.

Q3. Do I need to do two ranking exercises?

No. For the firmwide process, you are required to provide ***only*** the Manager Performance Rank for each employee, reflecting his/her overall performance, contribution and potential. Managers and divisions will ***not*** be required to quartile for compensation purposes.

MANAGER PERFORMANCE RANK FREQUENTLY ASKED QUESTIONS

Q4. How many Manager Performance Ranks are there?

As in the past, the firm requires all divisions to rank people into at least three buckets. Consequently, managers will assign each "steady state" employee into one of the following three ranks:

- Rank 1 (Top 25%) = Performance **exceeds** expectations with **significant upside** potential
- Rank 4 (Bottom 11-25%) = Performance, **while acceptable in certain respects, is comparatively weak; may be some** potential to develop further
- Rank 5 (Bottom 10%) = **Performance fails to meet expectations; limited** potential to develop further

For divisions which decide to use additional ranks, assistance in defining the ranks will be provided. Please consult your divisional HCM team if you have not been told into how many buckets you should rank your "steady state" employees.

Q5. Is this forced-ranking?

Yes, this process involves forced ranking. Ranks will be assigned to all "steady state" employees. As with the prior manager quartile process, your division will decide:

- How many buckets or ranks should be used (at minimum three: top 25%, bottom 11-25%, and bottom 10%)
- How business areas will be broken down for ranking purposes

Divisions are encouraged to segment the VP/ED populations more than in prior years to ensure rankings reflect overall performance, contributions, and potential and are not excessively affected by seniority.

Q6. Do I rank EMDs and new employees on my team?

As in the past, you must rank all "steady state" employees, including EMDs. You will **not** rank new employees who are not included in the "steady state" population. However, new employees for whom there is performance review data will be given feedback as part of the year-end review process.

MANAGER PERFORMANCE RANK FREQUENTLY ASKED QUESTIONS

Q7. What is the implication of assigning a Rank 5 (bottom 10%) to an employee?

A Manager Performance Rank in the bottom 10% indicates the employee is seriously underperforming in several areas, and appears to have limited or no potential to develop further. It does not necessarily mean the employee should be placed on an immediate performance warning or be terminated. You should consult with your divisional Employee Relations or HCM professional for guidance on how to communicate and manage employees assigned a performance rank of 5 (bottom 10%).

Q8. Will there be direction from senior management regarding whether employees in Manager Performance Rank 5 (bottom 10%) will receive a compensation increase?

The Manager Performance Rank is now distinct from the compensation recommendation. Separate guidance will be given to you by your HCM professional regarding bottom 10% performers as it impacts their compensation.

Q9. Do I need to adhere to a strict Rank 1 (top 25%), Rank 4 (bottom 11 - 25%) and Rank 5 (bottom 10%) distribution?

You need not adhere to a strict percentage distribution of ranks. The firm will accept "soft edges". For example, if your division is bucketing into three ranks, Rank 1 can have a distribution between 23% and 27% of the total "steady state" population.

Q10. How will the divisional roll-up work?

Your divisional HCM team will ensure there is an approximate forced rank over the entire division.

Q11. Who sees or reviews the ranks I assign to my employees? Will the ranks be reviewed by divisional senior leadership, HCM or others?

Your Manager Performance Ranks will be reviewed by your divisional HCM team as well as divisional senior leadership. As in past years, an independent review process with special focus on women and historically underrepresented groups will be applied to the manager performance ranking process and to compensation proposals. Employee Relations, Legal, and/or your divisional HCM representative may ask you for clarification on certain of your ranking recommendations.

MANAGER PERFORMANCE RANK FREQUENTLY ASKED QUESTIONS

Q12. What are the factors to consider in setting the Manager Performance Rank, and how do I weigh each element in formulating the rank?

- When ranking each employee, assess overall performance, contribution and potential by considering factors such as those below, as demonstrated by behavior displayed and results attained during the year:
 - 360-degree review data
 - Quality of performance
 - Long term commercial impact or contribution
 - Potential to assume increasing responsibility
 - Leadership/management skills
 - Diversity and citizenship-related activities

You should give primary weight to his/her accomplishments and contributions and secondary weight to capability and potential.

For each of your employees, ensure your ranking is made:

- (1) relative to the expectations required for the employee's level of experience and position, and
- (2) relative to his/her peers.

Q13. How do I use this rank in relation to the messages I send in the year-end review discussion?

The rank should align very closely to the messages sent in the year-end review discussion. It should encapsulate the strength of the employee's performance, contribution and potential shown in the current year. As in the past, your year-end review discussion should cover the employee's job accomplishments and contributions over the past 12 months, areas for development and plans for stretch assignments and responsibilities to increase the employee's professional development over the coming review year.

Q14. Should I communicate the Manager Performance Rank to my employees?

Your divisional HCM team will provide you with guidance on whether it is appropriate to communicate to the employee their Manager Performance Rank.

MANAGER PERFORMANCE RANK FREQUENTLY ASKED QUESTIONS

Q15. How is the Manager Performance Rank different from the 360-derived quartile some divisions display in the manager feedback report? How should the two relate?

Some divisions compute a *derived* 360-degree regional and global quartile for employees and publish this rank in the manager feedback report. This quartile rank is based on the adjusted average of the 360-degree ratings for the following nine criteria: Technical Skills, Communication Skills, Judgment/Problem Solving, Teamwork, Compliance, Diversity, Leadership, Overall Commercial Effectiveness, and Overall Professional Performance.

The Manager Performance Rank and the derived 360-degree quartile do not represent the same information. The quartile derived from 360-degree information is valuable input, but does not take into account the manager's overall assessment, which is the information captured in the Manager Performance Rank. The manager is best placed to differentiate between the performance of the individual and others to whom he or she should reasonably be compared. Although the Manager Performance Rank and 360-degree quartile do not have the same basis or purpose, you should take care to validate any substantial differences between the quartile published in the feedback book and the Manager Performance Rank.

Q16. How does the Manager Performance Rank correlate to promotion and percentage compensation increases?

The Manager Performance Rank is not the sole determinant of promotion and compensation. However, it is an important data point, among others, in considering promotion and compensation.

Q17: How do I respond when asked, "How does the Manager Performance Rank impact my promotion and compensation?"

Your response should be that the Manager Performance Rank is an overall assessment of performance and potential to grow and develop. You should explain that this rank is one of several factors that will go into the manager's thinking about promotion and compensation, but that it does not necessarily determine promotion and compensation. Other factors considered include: long-term commercial impact, market factors, etc.

MANAGER PERFORMANCE RANK FREQUENTLY ASKED QUESTIONS

Q18. How will this affect the comparative quartiling and compensation process?

It will have no effect. Your HCM representatives will continue to work with Employee Relations and Legal to review the Manager Performance Rank and compensation recommendations, focusing on women and historically underrepresented groups. As in past years, you may be asked for clarification on certain of your ranking and compensation proposals. If you have any questions regarding this process, please contact your divisional HCM representative.